

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF APPLICATION OF FERN LAKE COMPANY)

NOTICE OF FERN LAKE COMPANY PURSUANT TO)
KRS 278.180, 278.190 AND RELATED STATUTES)
AND 807 KAR 25:010, SECTION 5 THROUGH 9,)
AND RELATED SECTIONS, THAT ON DECEMBER 1,)
1980, FERN LAKE COMPANY WILL PLACE INTO)
EFFECT A TARIFF INCREASING THE WHOLESALE)
COST OF WATER TO KENTUCKY WATER SERVICE)
COMPANY, INC.)

APPLICATION FOR FOLLOWING:

1. ORDER PLACING INTO EFFECT THE NEW)
TARIFF ADJUSTING ITS WHOLESALE RATES)
TO ITS SOLE CUSTOMER, KENTUCKY WATER)
SERVICE COMPANY, INC.) CASE NO. 7982
2. APPLICATION FOR AUTHORITY TO BORROW)
THE SUM OF \$1,700,000 FROM THE CITY)
OF MIDDLESBORO, KENTUCKY TO PERFORM)
REMEDIAL WORK REQUIRED BY THE BUREAU)
OF NATURAL RESOURCES, ON FERN LAKE)
COMPANY'S LAKE AND DAM IN MIDDLESBORO,)
KENTUCKY, AND TO AMORTIZE THE LOAN BY)
INCLUDING IN THE TARIFF A SURCHARGE)
ENTAILED AND ENCUMBERED FOR THE)
SPECIFIC PURPOSE OF THE DEBT SERVICE)
APPLIED FOR HEREIN)

O R D E R

By Interim Order, dated February 27, 1981, the Public Service Commission ("Commission") granted Fern Lake Company ("Fern Lake") a certificate of convenience and necessity for proposed remedial construction; authorized the borrowing of \$1,700,000 to finance the proposed construction; authorized a monthly surcharge for the purposes of servicing the loan; and

ordered the current monthly surcharge of \$1,793 to cease upon the implementation of the surcharge approved in the instant case. Fern Lake was further ordered to notify the Commission of the exact amount of the authorized surcharge at least 30 days prior to the proposed effective date.

In compliance with the Commission's Order, Fern Lake filed a motion on December 16, 1983, requesting approval of an \$18,700 monthly surcharge amount and filed the cost data and calculations upon which the surcharge amount is based. On January 4, 1984, Fern Lake filed its proposed tariff sheet reflecting the new surcharge amount, to be effective February 1, 1984.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

(1) The surcharge in the amount of \$18,700 per month is the fair, just and reasonable amount to be charged by Fern Lake for the purpose of servicing the approved loan.

(2) All monies collected pursuant to the surcharge should be maintained in a separate account to be used for the sole purpose of servicing the loan.

(3) Fern Lake should file a report as an addendum to its Annual Report to the Commission showing collections, disbursements, and loan status by month for each year the surcharge is in effect.

(4) The monthly surcharge of \$1,793 should cease simultaneously with the implementation of the surcharge approved herein.

(5) The proposed tariff sheet filed by Fern Lake is correct and should be approved.

IT IS THEREFORE ORDERED that the monthly surcharge of \$18,700 be and it hereby is approved effective for bills rendered on and after February 1, 1984.

IT IS FURTHER ORDERED that the surcharge of \$1,793 shall cease simultaneously with implementation of the surcharge approved herein.

IT IS FURTHER ORDERED that all monies collected pursuant to the surcharge shall be maintained in a separate account and shall be used for the sole purpose of servicing the loan.

IT IS FURTHER ORDERED that Fern Lake shall file a report as an addendum to its Annual Report to the Commission for each year the surcharge is in effect in accordance with Finding No. 3 herein.

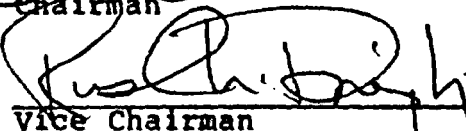
IT IS FURTHER ORDERED that the proposed tariff sheet be and it hereby is approved effective for bills rendered on and after February 1, 1984.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Fern Lake shall file its revised tariff sheet approved herein.

Done at Frankfort, Kentucky, this 26th day of January, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary